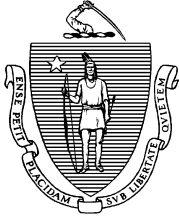


# SENATE, No. 2559

[SIMILAR MATTER FILED DURING PAST SESSION  
SEE NO. OF ]



## The Commonwealth of Massachusetts

IN THE YEAR OF TWO THOUSAND AND EIGHT

### AN ACT CAPPING NONPROFIT EXECUTIVE COMPENSATION

*Be it enacted by the Senate and House of Representatives in General Court assembled,  
And by the authority of the same, as follows:*

1 SECTION 1. Chapter 180 of the General Laws, as appearing in the 2006 Official Edition,  
2 is hereby amended by:

3 (a) inserting after section 29 the following sections:-

4 “Section 30. Executive Compensation Caps

5 Any public charity with annual gross revenues in excess of \$1,000,000.00

6 are subject to the following provisions: (a) no officer, director, trustee or senior manager

7 shall receive annual compensation in excess of \$500,000.00; (b) compensation, as

8 defined by this Section, includes salary, bonus payments, incentive payments, deferred

9 compensation, severance payments, below market rate loans, and the lease or rental of

10 any vehicle.

11 Section 31. Waiver Hearing

12 Any public charity as defined in Section 30 of this chapter seeking to  
13 compensate an officer, director, trustee, or senior manager in excess of the executive  
14 compensation cap as defined in Section 30 of this chapter shall be entitled to a public  
15 hearing before the a commission comprised of the secretary of the commonwealth,  
16 inspector general and attorney general (“Commission”).

17 Any public charity seeking said waiver shall comply with the  
18 following requirements (a) request a hearing in writing to the Commission  
19 indicating good cause for any deviation from the limits set forth in Section 30; (b)  
20 such hearing shall be conducted before the Commission within six months of  
21 receipt of a written request by a public charity; (c) the board of the public charity  
22 shall be responsible for the compensation of an independent auditor. The Auditor  
23 of the Commonwealth shall certify the independent auditor’s professional  
24 competence; certify that the independent auditor has no material financial interest  
25 in any entity doing significant business with the public charity; and that the  
26 independent auditor has not engaged in any related party transactions within the  
27 three years preceding appointment. The Auditor of the Commonwealth shall  
28 provide written confirmation to the Commission that these requirements have  
29 been satisfied.

30 The independent auditor shall provide a written report to the  
31 Commission seven days prior to any hearing conducted pursuant to this Section.

32 The Commission shall review and consider the independent auditor’s  
33 report at the waiver hearing. The public charity and members of the general public

34 shall be permitted to present additional evidence in support or opposition to such  
35 a waiver; all audit documents and any additional evidence submitted at a waiver  
36 hearing shall be deemed public records subject to section ten of chapter sixty-six  
37 of the general laws.

38 At the close of the waiver hearing, the Commission shall weigh all  
39 evidence presented, the charitable purpose of the public charity, and the public  
40 interest of the Commonwealth.

41 Final determination as to whether a waiver shall be granted shall rest with  
42 the Commission who shall make said determination in writing within thirty days  
43 of the waiver hearing. Such a waiver shall be granted only if deemed in the public  
44 interest of the Commonwealth. If a waiver is granted, it shall be valid only for a  
45 period of two years from the date of the decision of the Secretary of the  
46 Commonwealth.

#### 47 Section 32. Penalties

48 Any public charity found in violation of Section 30 of this chapter,  
49 and having failed to obtain a waiver pursuant to Sections 31 of this chapter, shall lose its  
50 status as a public charity as it is organized and operates under the general laws.